

Exhibit 2

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

RUIQI YE and YOLIN HAN, individually and
on behalf of all other similarly-situated
individuals,

Plaintiff,

v.

SEPHORA USA, INC.,

Defendant.

Case No. 3:14-cv-05237-EMC

**CLASS ACTION SETTLEMENT
AGREEMENT**

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement Agreement”) is entered into between the following parties: (a) plaintiffs Ruiqi Ye and Yolin Han (collectively, “Plaintiffs”), on behalf of themselves and all Class Members as defined herein; and (b) defendant Sephora USA, Inc. (“Defendant”). The undersigned Parties agree, subject to approval by the Court, that this Litigation (as defined below) and all Released Claims (as defined below) are hereby fully and finally compromised, settled, and released on the terms and conditions set forth in this Agreement.

I. DEFINITIONS

1.1 “Administrative Expenses” means all costs, disbursements, and expenses reasonably incurred in the implementation of this Settlement Agreement by the Claims Administrator including, but not limited to: the cost of preparing and disseminating notice to all Class Members informing them of the Settlement Agreement and the claims process; the cost of reviewing claims; the cost of distributing Settlement Benefits to Authorized Claimants; and other reasonable fees and expenses of the Claims Administrator. The cost estimate for the Administrative Expenses at the time of the finalization of the Settlement Agreement is approximately \$20,000.

1.2 “Authorized Claimant” means a Settlement Class Member who submits a timely and valid Claim Form to the Claims Administrator.

1.3 “Claims Administrator” means Dahl Administration LLC (“Dahl”), , as well as other employees of Dahl and outside vendors working under Dahl’s supervision, or such other qualified third-party retained by mutual agreement of the Parties to perform the duties of the Claims Administrator set forth in this Agreement.

1.4 “Claim Form” means a proof of claim and release in substantially the form of Exhibit B, attached hereto.

1.5 “Claim Period” means the period of time beginning from the date that the Class Notice is emailed to Class Members and ending 45 days after said date (or, if the 45th day falls on a weekend or holiday, the next business day thereafter).

1
2 1.6 “Class Counsel” or “Plaintiffs’ Counsel” means collectively the law firms of
3 Wigdor LLP and Anderson & Poole, P.C.

4 1.7 “Class Members” and the “Class” means all Sephora customers who meet all of
5 the following criteria: (i) had one or more Sephora “Beauty Insider” account(s) with VIB or VIB
6 Rouge status as of November 4, 2014 that was associated with an email address from the domain
7 @qq.com, @126.com, or @163.com; (ii) had their account(s) deactivated as a result of the
8 computer code that Sephora implemented on or about November 6, 2014; and (iii) attempted to
9 but were unable to make a purchase at www.sephora.com using their “Beauty Insider” account(s)
10 at some point in November 2014.

11 1.8 “Class Notice” means the Court-approved form of notice to Class Members, which
12 will include language in substantially the same form as Exhibit A, attached hereto and will notify
13 Class Members of the preliminary approval of the Settlement Agreement, the scheduling of the
14 Final Approval Hearing, and the process to submit a Claim Form, among other things.

15 1.9 “Complaint” means the class action complaint filed in the Litigation on November
16 26, 2014.

17 1.10 “Court” means the United States District Court, Northern District of California.

18 1.11 “Defendant” means Sephora USA, Inc.

19 1.12 “Defendant’s Counsel” means, collectively, the law firms of Barack Ferrazzano
20 Kirschbaum & Nagelberg LLP and Orrick, Herrington & Sutcliffe LLP.

21 1.13 “Days” means calendar days, unless otherwise expressly stated herein, except that,
22 when computing any period of time prescribed or allowed by this Settlement Agreement, the day
23 of the act, event, or default from which the designated period of time begins to run shall not be
24 included.

25 1.14 “Effective Date” means the date on which the Court’s Final Approval Order
26 becomes final. For purposes of this paragraph, the Court’s Final Approval Order “becomes final”
27 upon the last to occur of the following: (a) the date of final affirmance on appeal of the Judgment;
28 (b) the date of final dismissal of any appeal from the Judgment or the final dismissal of any

1 proceeding to review the Judgment; or (c) if no appeal is filed, the expiration date of the time for
2 the filing or noticing of any appeal from the Court's Judgment.

3 1.15 "Fees and Expenses" means the attorneys' fees and expenses incurred by Class
4 Counsel in the prosecution of the Litigation, sought by Class Counsel in their application to the
5 Court in accordance with Paragraph 5.1 of this Agreement, and approved by the Court to Class
6 Counsel.

7 1.16 "Final Approval" means that the Court has entered the Judgment and Order of
8 Dismissal.

9 1.17 "Final Approval Hearing" means a hearing held before the Court to consider Final
10 Approval of the Settlement as described in Paragraph 6.3.3 of this Agreement.

11 1.18 "Final Approval Order" and "Final Judgment" means the Court order entered after
12 the Final Approval Hearing that approves this Settlement Agreement and dismisses the
13 Litigation, substantially in the form attached hereto as Exhibit E.

14 1.19 "Litigation" means *Lee, et al. v. Sephora USA, Inc.*, United States District Court,
15 Northern District of California, Case No. 3:14-cv-05237 EMC.

16 1.20 "Net Settlement Proceeds" means the Settlement Amount less Administrative
17 Expenses, Fees and Expenses and Service Awards, as approved by the Court,

18 1.21 "Parties" means Plaintiffs and Defendant, collectively.

19 1.22 "Party" means any one of Plaintiffs or Defendant.

20 1.23 "Persons" includes, without limitation, natural persons, firms, corporations,
21 businesses, limited liability companies, partnerships, federal, state and other governments and
22 their political subdivisions, agencies and instrumentalities, and all other entities.

23 1.24 "Plaintiffs" and "Class Representatives" means Ruiqi Ye and Yolin Han.

24 1.25 "Preliminary Approval" means issuance of an order, in substantially the same form
25 as Exhibit D hereto, that is consistent with and preliminarily approves in all material respects the
26 terms of the Settlement and this Agreement.

27 1.26 "Preliminary Approval Date" means the date the Court enters an order
28 preliminarily approving the Settlement.

1.27 “Released Claims” shall have the meaning set forth in Section 7.1 of this Agreement.

1.28 “Released Parties” means (i) Sephora USA, Inc., (ii) its respective past or present parents, subsidiaries, divisions, affiliates (including LVMH Moet Hennessy Louis Vuitton SE and Fresh, Inc.), associates, predecessors, successors, officers, directors, managing directors, controlling shareholders, partners, principals, members, employers, employees, agents, consultants, advisors, insurers and attorneys; (iii) any Person, firm, trust, corporation, officer, director or other individual or entity in which Sephora USA, Inc. has a controlling interest; (iv) the legal representatives, heirs, successors in interest or assigns of any of the foregoing.

1.29 “Request for Exclusion” means the document which a Class Member must complete and timely submit to request exclusion from the Settlement Class, in the form set forth in Exhibit C to this Agreement, pending approval by the Court.

1.30 “Service Awards” shall have the meaning set forth in Paragraph 5.6 of this Agreement.

1.31 “Settlement Agreement” or “Settlement” means this Settlement Agreement including the exhibits attached hereto.

1.32 “Settlement Amount” means Nine Hundred Fifty Thousand Dollars (\$950,000.00) that Sephora has agreed to pay in accordance with the Settlement Agreement. The Settlement Amount will not be increased regardless of the rate of participation of Class Members in connection with Settlement Benefits.

1.33 “Settlement Benefits” means the benefits provided to Settlement Class Members as set forth in Paragraph 3.1.3 of this Agreement.

1.34 “Settlement Class” and “Settlement Class Members” mean those Class Members who do not properly and timely submit a Request for Exclusion from the Settlement.

II. RECITALS

Background

2.1 Plaintiffs filed this Litigation on November 26, 2014. Sephora filed its Answer on February 2, 2015. After engaging in targeted discovery and litigating discovery disputes, the

1 Parties participated in private mediation before the Honorable Edward A. Infante on October 29,
2 2015. Plaintiffs filed a motion for class certification on July 21, 2016, and Sephora timely
3 opposed on August 11, 2016. Thereafter, on August 24, 2016, the parties participated in a second
4 mediation before the Honorable Jacqueline Corley, United States Magistrate Judge. After
5 substantive discussion about the claims, negotiations, and careful consideration of the merits,
6 risks and costs of the impending litigation, the Parties agreed to settle the Litigation.

7 2.2 In their Complaint, Plaintiffs, individually and on behalf of a proposed class,
8 allege that Sephora discriminated against them on the basis of their race and national origin when
9 Sephora deactivated their loyalty program accounts during the November 2014 20% off customer
10 rewards sale because they were associated with @qq.com, @126.com, or @163.com domains.
11 They further allege that the account deactivations had a discriminatory impact on customers of
12 actual and perceived Chinese/Asian descent. Plaintiffs sought to certify a class of all Sephora
13 customers who they contend were similarly situated.

14 2.3 Defendant has disputed and continues to dispute each of the allegations and claims
15 alleged by Plaintiffs in this Litigation, including, but not limited to, the allegations described
16 above in Paragraph 2.2. Defendant has denied and continues to deny all charges of wrongdoing
17 or liability arising out of any of the conduct, statements, acts, or omissions that have been alleged
18 or that could have been alleged in the Litigation. Defendant also disputes that Plaintiffs, the
19 Class, or any other members of the Class have suffered damages or harm by reason of the
20 conduct, statement, acts, or omission of Defendant. Defendant does not concede or agree that
21 class certification is proper , except for purposes of this Settlement Agreement. Neither this
22 Settlement Agreement, nor any document referred to or contemplated herein, nor any action taken
23 to carry out this Settlement Agreement, may be construed as, or used as, an admission by
24 Defendant of any fault, wrongdoing, or liability whatsoever, or as a concession that certification
25 of a class other than for purposes of this Settlement Agreement is appropriate in this or any other
26 case.

1 Benefits of Settlement to Class Members and the Parties

2 2.4 Plaintiffs contend the Settlement Agreement is an extraordinary result in light of
3 the risks and uncertainties faced by Plaintiffs. Although Plaintiffs believe that their claims are
4 strong on the merits and capable of being tried on a class-wide basis, Class Counsel realizes that
5 the case presents significant risks, particularly given the contested factual disputes and unresolved
6 legal issues. For its part, Defendant disputes Plaintiffs' allegations, but acknowledges that
7 continued litigation would be protracted and costly. Plaintiffs maintain that this non-reversionary
8 settlement makes timely and meaningful monetary recovery available to an estimated 15,000
9 class members. The Settlement Agreement was negotiated in good faith and at arms' length,
10 following both a private mediation with the Hon. Edward J. Infante and a settlement conference
11 before Magistrate Judge Jaqueline Corley. Its terms are based on an agreement in principle that
12 the parties reached with Magistrate Judge Corley's assistance.

13 2.5 Defendant, while continuing to deny all allegations of wrongdoing and to dispute
14 any liability with respect to the claims asserted in the Complaint, considers it desirable to resolve
15 the Litigation on the terms stated herein, in order to avoid further risk, expense, inconvenience,
16 and interference with its ongoing business operations.

17 **III. SETTLEMENT AMOUNT AND BENEFITS**

18 The Settlement Amount will be non-reversionary, with no portion to revert to Sephora. The
19 Settlement Amount will be used to satisfy (1) the claims of all Authorized Claimants, (2)
20 Plaintiffs' Attorney's Fees and Expenses subject to Court approval and pursuant to the terms
21 enumerated in Paragraph 5.1, (3) Service Awards to the Class Representatives subject to Court
22 approval and pursuant to the terms enumerated in Paragraph 5.6, and (4) Administrative
23 Expenses.

24 3.1 The Net Settlement Proceeds will be allocated as follows:

25 3.1.1 Each Class Member who does not submit a timely and valid Request for
26 Exclusion or otherwise request exclusion from the Settlement during the
27 Claim Period shall be a Settlement Class Member.
28

1 3.1.2 Each Settlement Class Member will be permitted, through the process
2 described in Paragraph 4.4 of this Agreement, to submit a Claim Form
3 selecting either cash or a Sephora Electronic Gift Card (as defined below)
4 (collectively, the “Settlement Benefit”).

5 3.1.3 The amount of the Settlement Benefit an Authorized Claimant will receive
6 will be determined on a pro rata basis based on the total amount of the Net
7 Settlement Proceeds to be allocated among all Authorized Claimants and
8 the total number of Authorized Claimants, with each Authorized Claimant
9 who selected a Sephora Electronic Gift Card receiving twice what each
10 Authorized Claimant who selected cash will receive, and subject to a cap of
11 \$125.00 in cash or \$250.00 in a Sephora Electronic Gift Card to each
12 Authorized Claimant.

13 3.1.4 Any amount remaining in the Net Settlement Proceeds after allocation
14 among the Authorized Claimants at the conclusion of the Claim Period will
15 be collected in a *cy pres* fund that will be delivered to the National Asian
16 Pacific American Women’s Forum or another 501(c)(3) non-profit to be
17 agreed upon by the Parties.

18 3.2 Subject to the claims process described in this Settlement Agreement, Authorized
19 Claimants will receive either a check or a “Sephora Electronic Gift Card” (as defined below).

20 3.3 Any checks issued to Authorized Claimants shall remain valid and negotiable for
21 one hundred eighty (180) days from the date of their issuance; after this 180 day period, the
22 checks will no longer be valid or negotiable and may be cancelled. If cancelled, the value of
23 those check(s) will be distributed to the same *cy pres* recipient specified in Paragraph 3.1.4 above.

24 3.4 A “Sephora Electronic Gift Card” is an electronic credit that may be used to
25 purchase any item(s) offered on www.sephora.com or a “Sephora Retail Location” (as defined
26 below). The Sephora Electronic Gift Card can be used to pay for applicable sales tax and
27 shipping charges on purchases, in addition to the cost of item(s). The Sephora Electronic Gift
28 Card shall be freely transferable. Each Sephora Electronic Gift Card shall expire one year after

1 the date on which it is first e-mailed to the recipient Authorized Claimant, and may not be used to
2 purchase items after the expiration date.

3 3.5 A “Sephora Retail Location” is any retail store operated and owned by Sephora in
4 the United States. For the avoidance of doubt, a Sephora Retail Location does not include any
5 Sephora Inside JC Penney location.

6 **IV. NOTICE AND CLAIM PROCESS**

7 4.1 Concurrently with the filing of the motion for Preliminary Approval of the
8 Settlement, Plaintiffs will move the Court to appoint Dahlas the Claims Administrator, who will
9 administer the Settlement Agreement in accordance with this Settlement Agreement or as
10 required by the Court.

11 4.2 Sephora will provide the Claims Administrator with a list of each Sephora “Beauty
12 Insider” account(s) with VIB or VIB Rouge status as of November 4, 2014 that was associated
13 with an email address from the domain @qq.com, @126.com, or @163.com that was deactivated
14 as a result of the computer code that Sephora implemented on or about November 6, 2014 along
15 with the name and email address(es) associated with each account according to Sephora’s records
16 (the “Class Data”), to the extent that Sephora has access to this information. Sephora agrees to
17 reasonably assist the Claims Administrator by providing the names and last known email
18 address(es) for purposes of notifying Class Members, to the extent that Sephora has access to this
19 information. . In accordance with Exhibit A, the Parties will request that the Court permit Dahl to
20 issue Class Notice via email address(es). Sephora will provide the Class Data to the Claims
21 Administrator no later than fourteen (14) days (or, if that date falls on a weekend or holiday, the
22 next business day thereafter) after the date the Court enters an order granting preliminary
23 approval of the Settlement. Class Data shall be used by the Claims Administrator solely for the
24 purpose of notifying the Class Members of the Settlement. Class Data shall be provided in a
25 format to be mutually agreed upon by the Claims Administrator and Sephora.

26 4.3 As soon as practicable after receiving the Class Data, but no later than ten (10)
27 business days after its receipt, the Claims Administrator shall email to each Class Member at the
28 email address associated with a qualifying “Beauty Insider” account, a link to the Class Notice

1 and a link to the website created and operated by the Claims Administrator (“Class Website”) that
2 is dedicated to this Settlement Agreement and provides access to fillable and downloadable Class
3 Forms.

4 4.4 To receive a Settlement Benefit, each Class Member must, during the Claim
5 Period, electronically submit the Claim Form, which shall include: (a) his or her full name,
6 current mailing address, current phone number, and current email address; (b) any and all email
7 address(es) associated with his or her Sephora “Beauty Insider” account(s); (c) a statement that he
8 or she attempted to but was unable to make a purchase at www.sephora.com using his or her
9 “Beauty Insider” account(s) in November 2014; and (d) confirmation under penalty of perjury
10 that the foregoing information provided is true and correct. To assist the Claims Administrator in
11 the confirmation process, the Claim Form shall also contain a blank where Class Members are
12 instructed to describe any errors to their name or other personal identifying information apparent
13 in the e-mailed Notice. The Claims Administrator shall strictly adhere to the time deadlines set
14 forth in this Paragraph.

15 4.5 To be valid, a Claim Form must be submitted within the Claim Period, and the
16 submitting Class Member must not submit a Request for Exclusion or otherwise request
17 exclusion from the Settlement Agreement within the Claim Period.

18 4.6 Subject to the terms of this Settlement Agreement and other claims procedures that
19 may be implemented, the Claims Administrator will have discretion to accept or reject any
20 Claims Form returned by any Class Member and to determine whether Class Members are
21 Authorized Claimants. The Claims Administrator shall have the right to reject any claims
22 deemed to be fraudulent, insufficient, or incomplete. Should the Claims Administrator reject any
23 claim, the reasons for rejection shall be recorded and provided to the Parties upon request. The
24 Claims Administrator shall notify any Class Member whose claim is rejected in full, explaining
25 the reasons for rejection. If any Party disputes the decision of the Claims Administrator to reject
26 a Claim Form, Plaintiffs’ Counsel and Defendant’s Counsel shall meet and confer in an effort to
27 resolve the dispute. In the event the Parties cannot resolve the dispute, the Parties shall request
28 the assistance of Magistrate Judge Corley.

1 4.7 Within ten (10) business days after the conclusion of the Claim Period, the Claims
 2 Administrator shall, based upon the Claim Forms received by the Claims Administrator and
 3 according to the terms of this Agreement and other claims procedures that may be implemented:
 4 (a) determine whether each Claim Form represents an Authorized Claimant; (b) determine
 5 whether any individual has submitted more than one Claim Form, and if so de-duplicate; (c)
 6 based on the number of Authorized Claimants, determine the Settlement Benefits to be provided
 7 to each Authorized Claimant; and (d) provide to the Parties, if and as requested, the information
 8 and methodology used by the Claims Administrator to determine the Settlement Benefits due to
 9 each Authorized Claimant.

10 4.8 No later than ten (10) business days after the Effective Date, Defendant shall
 11 transmit the funds necessary to the Claims Administrator to cover the total payments to be sent to
 12 Authorized Claimants and provide the Claims Administrator the Electronic Gift Card code for the
 13 Sephora Electronic Gift Cards for Authorized Claimants.

14 4.9 The Settlement Benefits shall be sent to Authorized Claimants by the Claims
 15 Administrator, subject to the terms of this Settlement Agreement, within fourteen (14) days after
 16 receipt of the funds specified in Paragraph 4.8 from Sephora.

17 **V. ATTORNEYS' FEES AND EXPENSES, INCENTIVE AWARDS, AND**
 18 **ADMINISTRATIVE EXPENSES**

19 5.1 At or before the time of the Final Approval Hearing, Class Counsel will file a
 20 motion for approval of Counsel's Fees and Expenses, to be paid out of the Settlement Amount,
 21 supported by appropriate documentation and in amounts not in excess of \$418,560 for Fees and
 22 \$90,000 for Expenses. Class Counsel agrees that in no event shall they seek approval of legal
 23 Fees or Expenses in excess of these amounts. Defendant agrees not to oppose any motion by
 24 Class Counsel for an award of Fees up to and including \$325,000, but reserves the right to oppose
 25 any fee request in excess of that amount. Defendant agrees not to oppose the motion by Class
 26 Counsel for Expenses up to and including \$90,000, but reserves the right to oppose any expense
 27 request in excess of that amount. Any Fees or Expenses sought by Class Counsel but not
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1 approved by the Court shall remain in the Net Settlement Fund and shall be distributed
2 accordingly.

3 5.2 No payment for Fees and Expenses shall be made to Class Counsel until and
4 unless (a) there is Final Approval of the Settlement, (b) the Court has approved Plaintiffs' motion
5 and determined the appropriate amount (not to exceed the amounts set forth herein) of Fees and
6 Expenses to be paid to Plaintiffs' Counsel, and (c) the Effective Date has passed. Sephora shall
7 deliver payment for such Fees and Expenses awarded by the Court (not to exceed the amounts set
8 forth herein) to the Claims Administrator within ten (10) business days after the Effective Date.
9 After delivering the Fees and Expenses as approved by the Court, Sephora shall have no
10 additional liability for Class Counsels' legal fees or costs.

11 5.3 The allowance or disallowance by the Court of any Fees and Expenses are to be
12 considered by the Court separately from its consideration of the fairness, reasonableness and
13 adequacy of the Settlement Agreement, and any order or proceedings relating to the application
14 for Fees and Expenses, or any appeal from any order relating thereto or reversal or modification
15 thereof, shall not operate to terminate or cancel this Settlement Agreement, or affect or delay the
16 issuance or the finality of the Judgment and Order of Dismissal.

17 5.4 The Released Parties shall have no responsibility for, and no liability with respect
18 to, payment of any Class Member's attorneys' fees, costs, or expenses to any other individual,
19 law firm, or other entity. The Released Parties shall also have no responsibility for, and no
20 liability with respect to, the fee allocation among Plaintiffs' Counsel or any disputes regarding
21 such allocation. Plaintiffs' Counsel agrees to indemnify and hold harmless all of the Released
22 Parties in connection with any such claim or dispute.

23 5.5 Except as expressly provided herein, Plaintiffs shall bear their own fees, costs and
24 expenses for this litigation, including but not limited to the activities necessary to consummate
25 this settlement. Defendant shall not assert any claim for expenses, costs, and fees against
26 Plaintiffs relating to or arising out of the Litigation or this Settlement Agreement.
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5.6 At or before the time of Final Approval, Plaintiffs will make an application to the Court for two Class Representative service awards, to be paid out of the Settlement Amount, in the following amounts: five thousand dollars (\$5,000) to Class Representative Yolin Han and five thousand (\$5,000) to Class Representative Ruiqi Ye (the “Service Awards”). Class Representatives shall not be entitled to any Service Awards in excess of these amounts. Defendant agrees not to oppose the application to the Court for Service Awards up to and including the amounts set forth herein. Any amount of Service Awards sought by Plaintiffs but not approved by the Court shall remain in the Net Settlement Fund and be distributed accordingly.

5.7 No payment for Service Awards shall be made to Plaintiffs until and unless (a) there is Final Approval of the Settlement and (b) the Court has approved Plaintiffs’ application for Service Awards and determined the appropriate amount (not to exceed the amounts set forth herein) of the Service Awards. Sephora shall deliver payment for the Service Awards awarded by the Court (not to exceed the amounts set forth herein) to the Claims Administrator within ten (10) business days after the Effective Date.

5.8 Final resolution by the Court of Plaintiffs’ application for Service Awards shall not be a precondition to Final Approval of the Settlement or to the dismissal of the Released Claims in accordance with this Settlement Agreement.

5.9 Payment of Administrative Expenses incurred by the Claims Administrator to implement and administer the Settlement Agreement, in an amount not to exceed \$25,000, as approved by the Court, shall be paid out of the Settlement Amount.

VI. PROCEDURE FOR APPROVAL, REQUESTS FOR EXCLUSION, OBJECTIONS, AND TERMINATION

6.1 Preliminary Approval of Settlement. After the execution of this Settlement Agreement, the Plaintiffs will within a reasonable time prepare submit to the Court an Motion for Preliminary Approval of this Settlement with supporting papers and a proposed Preliminary Approval Order, substantially in the form attached hereto as Exhibit D, which: (1) preliminarily approves this Agreement and this Settlement as fair, just, reasonable and adequate; (2)

1 conditionally certifies a Class for settlement purposes only; (3) appoints Wigdor LLP and
 2 Anderson & Poole, P.C. as Class Counsel; (4) appoints Yolin Han and Ruiqi Ye as Class
 3 Representatives; (5) approves and directs Class Notice to the Class Members as described in this
 4 Agreement; and (6) sets a hearing to consider Final Approval of the Settlement and any
 5 objections thereto.

6 6.2 Final Approval and the Judgment and Order of Dismissal. Within a reasonable
 7 time following the close of the Claim Period, Plaintiffs will file a motion for Final Approval of
 8 the Settlement and for entry of the Judgment and Order of Dismissal holding this Agreement to
 9 be final, fair, reasonable, adequate, and binding on all Settlement Class Members who have not
 10 excluded themselves as provided below; ordering that the Settlement Benefits be provided as set
 11 forth in this Agreement; ordering the releases as set forth in this Agreement to become effective;
 12 and entering the Judgment and Order of Dismissal. As set forth below in Paragraph 8.15, in the
 13 event of any modification or termination of this Settlement Agreement, the Court retains the
 14 ongoing and exclusive jurisdiction of the Litigation.

15 6.3 Opt-Outs and Objections. The Class Notice shall advise Class Members of their
 16 rights: (a) to forego the Settlement Benefits and preserve their right to pursue an individual claim;
 17 and (b) to object to this Settlement Agreement individually or through counsel.

18 6.3.1 Class Members who wish to be excluded from the Class, forgo the
 19 Settlement Benefits, and pursue an individual claim will be instructed to
 20 electronically submit a Request for Exclusion to the Claims Administrator
 21 within the Claim Period, setting forth their name and a statement that they
 22 request exclusion from the class and do not wish to participate in the
 23 settlement. Any Class Member who submits a timely and valid Request
 24 for Exclusion shall not be a Settlement Class Member, shall not be an
 25 Authorized Claimant, and shall not have standing to object to or otherwise
 26 contest the Settlement Agreement.

27 6.3.2 The proposed Preliminary Approval Order and the Class Notice will
 28 provide that any Class Member wishing to exclude herself or himself from

1 the Settlement Class who fails to properly and timely submit the required
2 documents and information will not be excluded from the Settlement Class.

3 6.3.3 If, within such time as is ordered by the Court and contained in the Class
4 Notice, any Settlement Class Member wishes to object to the Settlement
5 and/or to be heard by the Court, he or she may electronically submit an
6 objection to the Claims Administrator, which in turn will be collected by
7 the Claims Administrator and described in their declaration to the Court in
8 advance of Final Approval. Each such objection shall follow submission
9 of information sufficient to establish (under penalty of perjury) that the
10 individual objecting is a Settlement Class Member and shall provide a
11 detailed statement of any objection asserted, including the grounds therefor
12 and reasons, if any, for requesting the opportunity to appear and be heard at
13 the Final Approval Hearing. A Settlement Class Member may also appear
14 at the Final Approval Hearing, either in person or through his or her own
15 legal representative. Pursuant to Paragraph 5.4 of this Settlement
16 Agreement, no Party will be responsible for any payments to any legal
17 representatives appearing on behalf of Settlement Class Members who
18 choose to object and/or to appear at the Final Approval Hearing.

19 6.4 Within ten (10) business days of the end of the Claim Period, the Claims
20 Administrator shall prepare a list of the names of the persons who, pursuant to the Class Notice
21 and the procedures described herein, have excluded themselves from the Settlement Class in a
22 valid and timely manner, and provide that list simultaneously to Defendant's Counsel and
23 Plaintiffs' Counsel.

24 6.5 Notwithstanding anything else contained in this Agreement, if the total number of
25 Class Members who exclude themselves from the Settlement Class, pursuant to Paragraph 6.3.1
26 above, exceeds 10%, Sephora will have the option in its sole discretion of withdrawing itself from
27 this Agreement and from the Settlement in its entirety, in which event this Settlement shall not
28 become effective and the provisions of Paragraph 6.6 will apply; provided, however, that such

option must be exercised within 10 (ten) business days after receiving notice from the Claims Administrator as to how many Class Members have submitted a timely and valid Request for Exclusion from the Settlement Class.

6.6 Modification or Termination of Settlement Agreement. The terms and provisions of this Settlement Agreement may be amended, modified, or expanded by written agreement of the Parties and approval of the Court. This Settlement Agreement shall terminate at the discretion of either Plaintiffs or Defendant if: (1) the Court, or any appellate court(s), rejects, modifies, or denies approval of any portion of this proposed Settlement Agreement that the terminating Party in its sole judgment and discretion reasonably determine is material, including, without limitation, the terms of relief, the findings, or conclusions of the Court, the provisions relating to notice, the definition of the Class, and/or the terms of the Release; or (2) the Court, or any appellate court(s), does not enter or completely affirm, or alters, narrows or expands, any portion of the Final Approval Order, or any of the Court's findings of fact or conclusions of law, that the terminating Party in its sole judgment and discretion reasonably determines is material. The terminating Party must exercise the option to withdraw from and terminate this Settlement Agreement by sending a signed writing served on the other Party no later than twenty days after receiving notice of the event prompting the termination. Plaintiffs and Defendant will be returned to their positions status quo ante. For the avoidance of doubt, the Court's denial, in whole or in part, of Class Counsel's Motion for Fees and Costs is not a ground for Plaintiffs to withdraw from and/or terminate this Settlement Agreement. In the event that this Settlement Agreement does not become effective because any of the conditions precedent prior to the Effective Date do not occur, then this Settlement Agreement shall be null and void and of no force and effect and the following provisions shall apply:

6.6.1 No Fees and Expenses whatsoever shall be awarded or payable to Plaintiffs' Counsel.

6.6.2 No Service Awards whatsoever shall be awarded or payable to Plaintiffs.

6.6.3 Sephora will remain responsible to pay for Administrative Expenses already incurred by the Claims Administrator, and neither Plaintiffs nor

1 Plaintiffs' Counsel shall be responsible to pay for such Administrative
2 Expenses.

3 6.6.4 No term or condition of this Settlement Agreement, or any draft thereof, or
4 discussion, negotiation, documentation, or other aspect of the Parties'
5 settlement discussions shall have any effect, be construed as an admission
6 by any Party, or be admissible or discoverable for any purpose in the
7 Litigation or in any other proceeding.

8 6.6.5 Nothing herein will be deemed to prejudice the position of any of the
9 Parties with respect to the Litigation.

10 6.6.6 The Litigation shall for all purposes revert to its status as of the close of
11 business (Pacific Time) on June 9, 2016. Within ten (10) business days
12 after a determination that the Effective Date will not occur, the Parties shall
13 advise the Court and seek to place Plaintiffs' motion for class certification
14 and the scheduling conference back on the Court's calendar.

15 6.7 Confidentiality and Publicity. The Parties, Plaintiffs' Counsel, and Defendant's
16 Counsel agree not to make any public statements, or statements to the press or media, or
17 statements on websites, about the Litigation or the Settlement Agreement; provided, however,
18 that nothing in this Paragraph shall preclude:

19 6.7.1 Any Party or that Party's counsel from making statements, representations,
20 and disclosures that are legally required by any applicable statute, court
21 order, rule, regulation, or disclosure requirement;

22 6.7.2 Any Party or that Party's counsel from discussing the Litigation and/or
23 Settlement Agreement directly with any Class Members or their
24 representatives in a non-public communication or forum;

25 6.7.3 Defendant, its counsel, or its representatives from discussing the Litigation
26 and/or the Settlement Agreement in responding to inquiries from actual or
27 potential customers;
28

6.7.4 Any Party or that Party's counsel from responding to statements that appear in the press or media that are disparaging to the Party or that Party's counsel;

6.7.5 Counsel for any of the Parties from setting forth basic information concerning their involvement in the Litigation (which shall not include information about the amount of payments made or benefits provided pursuant to the Settlement Agreement) on their firms' websites;

6.7.6 Counsel for any of the Parties from setting forth basic information concerning their involvement in the Litigation (which shall not include information about the amount of payments made or benefits provided pursuant to the Settlement Agreement) in their resumes or in court filings in unrelated actions where the experience of counsel is an issue;

6.7.7 Any Party and that Party's counsel from directing a press or media organization to information about the Litigation and the Settlement Agreement on the law firms' websites, per Paragraph 6.7.5 above;

6.7.8 Any Party and that Party's counsel from providing a press or media organization, upon request by such organization, with copies of the pleadings or Court orders related to the Settlement Agreement.

6.8 In making statements permitted under Paragraph 6.7 above, the Parties and their counsel shall not make any statements (whether written or oral) that disparage, defame, criticize, or demean the Parties or their counsel relating to the Litigation or the Settlement, and shall not state or imply that the Settlement Agreement in any way reflects or implies the existence of fault, liability, loss, or damage.

VII. RELEASES

7.1 Settlement Class Member Released Claims. Upon the Effective Date, each of the Settlement Class Members, on behalf of themselves and each of their respective agents, successors, heirs, and assigns, will be deemed to have, and by operation of the Judgment and Order of Dismissal will have, fully, finally, and forever released, relinquished and discharged the

Released Parties from the following claims, which pursuant to the Settlement Agreement are being released through and including the dates of the Preliminary Approval Order: all claims or causes of action that are pled in or reasonably related to claims and potential claims Litigation, including but not limited to any and all claims related to the November 2014 20% off sale, the Settlement Class Members' "Beauty Insider" accounts, and any and all breach of contract or related or derivative tort claims against any of the Released Parties (the "Settlement Class Released Claims").

7.1.1 With regard to the Settlement Class Released Claims, the Settlement Class Members expressly waive all rights under California Civil Code section 1542, which states:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known to him or her must have materially affected his or her settlement with the debtor.

7.1.2 A Settlement Class Member may hereafter discover facts in addition to or different from those which she now knows or believes to be true with respect to the subject matter of the Settlement Class Released Claims, but she shall be deemed to have, and by operation of the Judgment and Order of Dismissal shall have, fully, finally, and forever settled and released any and all Settlement Class Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which then exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts.

7.1.3 All Class Members shall be bound by this release unless they formally request exclusion from this Settlement Agreement by submitting a valid and timely Request for Exclusion or comparable documentation.

1 7.1.4 Consistent with the foregoing, Settlement Class Members may not sue or
2 otherwise make a claim against any of the Released Parties that is in any
3 way related to, arises out of, or is connected with any of the Settlement
4 Class Released Claims.

5 7.2 Class Representative Released Claims. Upon the Effective Date, Class
6 Representatives, on behalf of themselves and each of their respective heirs, representatives,
7 successors, assigns, and attorneys, shall be deemed to have, and by operation of the Judgment
8 shall have, fully, finally, and forever released, relinquished, and discharged the Released Parties
9 from all claims or causes of action of any type whatsoever, whether known or unknown, and
10 whether or not arising out of or related to the Litigation (the “Class Representative Released
11 Claims”).

12 7.2.1 With regard to the Class Representative Released Claims, the Class
13 Representatives expressly waive all rights under California Civil Code
14 section 1542, which states:

15 A general release does not extend to claims which the creditor does not
16 know or suspect to exist in his or her favor at the time of executing the
17 release, which if known to him or her must have materially affected his or
 her settlement with the debtor.

18 7.2.2 A Class Representative may hereafter discover facts in addition to or
19 different from those which she now knows or believes to be true with
20 respect to the subject matter of the Class Representative Released Claims,
21 but she shall be deemed to have, and by operation of the Judgment and
22 Order of Dismissal shall have, fully, finally, and forever settled and
23 released any and all Class Representative Released Claims, known or
24 unknown, suspected or unsuspected, contingent or non-contingent, whether
25 or not concealed or hidden, which then exist, or heretofore have existed
26 upon any theory of law or equity now existing or coming into existence in
27 the future, including, but not limited to, conduct which is negligent,
28 intentional, with or without malice, or a breach of any duty, law or rule,

1 without regard to the subsequent discovery or existence of such different or
2 additional facts.

3 7.2.3 Consistent with the foregoing, the Class Representatives agree not to sue or
4 otherwise make a claim against any of the Released Parties that is in any
5 way related to, arises out of, or is connected with the Class Representative
6 Released Claims set forth in this section.

7 7.3 Notwithstanding the foregoing, neither the Settlement Class Released Claims nor
8 the Class Representative Released Claims do not include any claim or right that may arise after
9 their execution of this Agreement; any claim or right regarding compliance with this Settlement
10 Agreement; or any claim or right that is not waivable as a matter of law.

11 **VIII. ADDITIONAL PROVISIONS**

12 8.1 Cooperation. The Parties and their counsel shall cooperate to effectuate the
13 Settlement on the stated terms and conditions, to obtain preliminary approval of the Settlement
14 Agreement, and to obtain Final Approval. In the event that the Court asks the Parties to modify
15 any aspect of the Settlement Agreement, the Parties shall meet and confer in good faith to attempt
16 to resolve any issues identified by the Court and to discuss how to allocate any increase in the
17 cost or burden of the Settlement Agreement. Any such modification of the Settlement Agreement
18 shall be by mutual written consent of the Parties, and no Party shall be obligated to accept
19 modifications without its consent except pursuant to Court order.

20 8.2 The Parties represent and agree that the terms of the Settlement Agreement were
21 negotiated at arm's length and in good faith by the Parties, and reflect a settlement that was
22 reached voluntarily based upon adequate information and sufficient discovery and after
23 consultation with experienced legal counsel.

24 8.3 The Parties agree to the conditional certification of the Class described herein for
25 purposes of this Settlement Agreement only. Should, for whatever reason, the Effective Date not
26 occur, the Parties' stipulation to certification of the Class as part of the Settlement Agreement
27 shall become null and void *ab initio* and shall have no bearing on, and shall not be admissible in
28 connection with, the issue of whether or not certification may be proper or appropriate in the

1 Litigation. Defendant expressly reserves its right to, and declares that it intends to, oppose class
2 certification vigorously should this Settlement not become final.

3 8.4 Motion Papers for Preliminary and Final Approval. Plaintiffs shall draft the
4 motion for preliminary approval and for final approval of the Settlement as described above, and
5 shall submit the drafts to Defendant's Counsel at least five (5) business days before filing for
6 review and comment.

7 8.5 Class Action Fairness Act Notice. Within ten (10) business days following the
8 filing of the Motion for Preliminary Approval, Defendant, through the Claims Administrator,
9 shall serve notice of the proposed Settlement upon the required governmental officials pursuant to
10 the Class Action Fairness Act of 2005, 28 U.S.C. § 1715 (with a copy to Plaintiffs' Counsel).

11 8.6 Resolution of Disputes. The Parties agree that they will return to Magistrate Judge
12 Corley to seek resolution of any dispute, claim or controversy arising out of or relating to this
13 Settlement Agreement or the breach, termination, enforcement, interpretation or validity thereof.

14 8.7 Change of Time Periods. The time periods and/or dates described in this
15 Settlement Agreement with respect to filings, hearings, and notices are subject to approval and
16 modification by the Court or by mutual written agreement of the Parties, without notice to Class
17 Members. The Class Notice will advise Class Members that they may check the Court's
18 calendar, which is available at <http://www.cand.uscourts.gov/emc>, to confirm whether the date for
19 the Final Approval Hearing has been changed.

20 8.8 Time for Compliance. If the date for performance of any act required by or under
21 this Settlement Agreement falls on a Saturday, Sunday or court holiday, that act may be
22 performed on the next business day with the same effect as if it had been performed on the day or
23 within the period of time specified by or under this Settlement Agreement.

24 8.9 Governing Law. This Agreement is intended to and shall be governed by the laws
25 of the State of California, without regard to conflicts of law principles.

26 8.10 Entire Agreement. The terms and conditions set forth in this Settlement
27 Agreement constitute the complete and exclusive statement of the agreement between the Parties
28 hereto relating to the subject matter of this Settlement Agreement, superseding all previous

1 negotiations and understandings, including the Memorandum of Understanding executed by
2 Plaintiffs' Counsel and Defendant's Counsel on August 24, 2016, and may not be contradicted by
3 evidence of any prior or contemporaneous agreement. The Parties further intend that this
4 Settlement Agreement constitutes the complete and exclusive statement of the terms of the
5 Settlement as between the Parties hereto, and that no extrinsic evidence whatsoever may be
6 introduced in any arbitration or judicial proceeding involving this Agreement. Any modification
7 of this Settlement Agreement must be in writing signed by Plaintiffs' Counsel, Defendant's
8 Counsel, and Defendant.

9 8.11 Advice of Counsel. The determination of the terms of, and the drafting of, this
10 Settlement Agreement have been by mutual agreement after negotiation, with consideration by
11 and participation of all Parties hereto and their counsel.

12 8.12 Binding Agreement. This Settlement Agreement shall be binding upon and inure
13 to the benefit of the respective heirs, successors, and assigns of the Parties hereto.

14 8.13 No Waiver. The waiver by any Party of any provision or breach of this Settlement
15 Agreement shall not be deemed a waiver of any other provision or breach of this Settlement
16 Agreement.

17 8.14 Extensions of Time. The Parties reserve the right, by mutual written agreement, to
18 grant any reasonable extension of time that might be needed to carry out any of the provisions of
19 this Settlement Agreement.

20 8.15 Enforcement of this Settlement Agreement. The Court shall retain jurisdiction to
21 enforce, interpret, and implement this Settlement Agreement until such time as the Court
22 determines that the Settlement Agreement is fully consummated according to the terms and
23 conditions.

24 8.16 Notices. All notices to the Parties or counsel required by this Settlement
25 Agreement shall be made in writing and communicated by mail and fax or email to the following
26 addresses:

27 If to Plaintiffs or Plaintiffs' Counsel:

28 Jeanne M. Christensen, Esq.

1 Elizabeth J. Chen, Esq.
2 WIGDOR LLP
3 85 Fifth Avenue
4 New York, NY 10003
5 Tel.: (212) 257-6800
6 Fax: (212) 257-6845
7 Email: jchristensen@wigdorlaw.com
8 Email: echen@wigdorlaw.com

9 -and-

10 Jamie C. Couche
11 ANDERSON & POOLE, P.C.
12 601 California Street
13 Suite 1300
14 San Francisco, California 94108-2818
15 Tel.: 415-956-6413
16 Fax: 415-956-6416
17 Email: jcouche@adplaw.com

18 If to Defendant or Defendant's Counsel:

19 Robert Shapiro, Esq.
20 Shermin Kruse, Esq.
21 BARACK FERRAZZANO KIRSCHBAUM & NAGELBERG LLP
22 200 W. Madison St
23 Suite 3900
24 Chicago, IL 60606
25 Tel: (312) 984-3100
26 Fax: (312) 984-3150
27 Email: rob.shapiro@bfkn.com
28 Email: shermin.kruse@bfkn.com

-and-

Andrew R. Livingston, Esq.
Kathryn G. Mantoan, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
405 Howard Street
San Francisco, CA 94105
Tel: (415) 773-5700
Fax: (415) 773-5759
Email: alivingston@orrick.com
Email: kmantoan@orrick.com

8.17 The Plaintiffs and Plaintiffs' counsel represent and warrant that Plaintiffs have not assigned, encumbered, or in any manner transferred in whole or in part the Settlement Class Released Claims or the Class Representative Released Claims.

1 AGREED TO AND ACCEPTED:

2
3 Dated: Dec 6th, 2016

Yolin Han
Yolin Han
Plaintiff

4
5 Dated: _____, 2016

Ruiqi Ye
Ruiqi Ye
Plaintiff

6
7 Dated: _____, 2016

SEPHORA USA, INC.
By: Eric Baysinger, Esq.
Vice President and General Counsel

8
9 APPROVED AS TO FORM AND AGREED AS TO PARAGRAPH 6.7:

10
11 Dated: _____, 2016

Jeanne Christensen, Esq.
WIGDOR LLP
Counsel for Plaintiffs

12
13 Dated: _____, 2016

Jamie Couche, Esq.
ANDERSON & POOLE, P.C.
Counsel for Plaintiffs

14
15 Dated: _____, 2016

Robert E. Shapiro, Esq.
BARACK FERRAZZANO KIRSCHBAUM &
NAGELBERG LLP
Counsel for Defendant

16
17 Dated: _____, 2016

Andrew R. Livingston, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
Counsel for Defendant

1 AGREED TO AND ACCEPTED:

2

3 Dated: _____, 2016

4

Yolin Han
Plaintiff

5

6 Dated: Dec. 7, 2016

6

Ruiqi Ye
Plaintiff

7

8 Dated: _____, 2016

9

SEPHORA USA, INC.
By: Eric Baysinger, Esq.
Vice President and General Counsel

10

11 APPROVED AS TO FORM AND AGREED AS TO PARAGRAPH 6.7:

12

13 Dated: _____, 2016

14

Jeanne Christensen, Esq.
WIGDOR LLP
Counsel for Plaintiffs

15

16 Dated: _____, 2016

17

Jamie Couche, Esq.
ANDERSON & POOLE, P.C.
Counsel for Plaintiffs

18

19 Dated: _____, 2016

20

Robert E. Shapiro, Esq.
BARACK FERRAZZANO KIRSCHBAUM &
NAGELBERG LLP
Counsel for Defendant

21

22

23 Dated: _____, 2016

24

Andrew R. Livingston, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
Counsel for Defendant

25

26

27

28

1 AGREED TO AND ACCEPTED:

2

3 Dated: _____, 2016

4

Yolin Han
Plaintiff

5

6 Dated: _____, 2016


7

Ruiqi Ye
Plaintiff

8

9 Dated: December 7, 2016

10


SEPHORA USA, INC.
By: Eric Baysinger, Esq.
Vice President and General Counsel

11

12 APPROVED AS TO FORM AND AGREED AS TO PARAGRAPH 6.7:

13

14 Dated: _____, 2016

15

Jeanne Christensen, Esq.
WIGDOR LLP
Counsel for Plaintiffs

16

17 Dated: _____, 2016

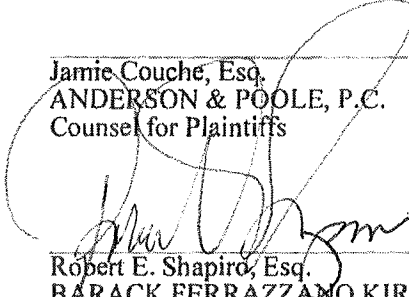
18

Jamie Couche, Esq.
ANDERSON & POOLE, P.C.
Counsel for Plaintiffs

19

20 Dated: 12/7, 2016

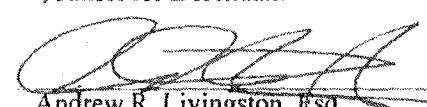
21


Robert E. Shapiro, Esq.
BARACK FERRAZZANO KIRSCHBAUM &
NAGELBERG LLP
Counsel for Defendant

22

23 Dated: 12/7, 2016

24


Andrew R. Livingston, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
Counsel for Defendant

25

26

27

28

1 AGREED TO AND ACCEPTED:

2
3 Dated: _____, 2016

Yolin Han
Plaintiff

4
5 Dated: _____, 2016

Ruiqi Ye
Plaintiff

6
7 Dated: _____, 2016

SEPHORA USA, INC.
By: Eric Baysinger, Esq.
Vice President and General Counsel

8
9 APPROVED AS TO FORM AND AGREED AS TO PARAGRAPH 6.7:

10
11
12 Dated: 12/8, 2016

Jeanne Christensen

Jeanne Christensen, Esq.
WIGDOR LLP
Counsel for Plaintiffs

13
14 Dated: _____, 2016

Jamie Couche, Esq.
ANDERSON & POOLE, P.C.
Counsel for Plaintiffs

15
16 Dated: _____, 2016

Robert E. Shapiro, Esq.
BARACK FERRAZZANO KIRSCHBAUM &
NAGELBERG LLP
Counsel for Defendant

17
18 Dated: _____, 2016

Andrew R. Livingston, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
Counsel for Defendant

1 AGREED TO AND ACCEPTED:

2
3 Dated: _____, 2016

Yolin Han
Plaintiff

5 Dated: _____, 2016

Ruiqi Ye
Plaintiff

7
8 Dated: _____, 2016

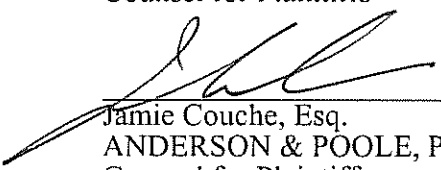
SEPHORA USA, INC.
By: Eric Baysinger, Esq.
Vice President and General Counsel

10
11 APPROVED AS TO FORM AND AGREED AS TO PARAGRAPH 6.7:

12
13 Dated: _____, 2016

Jeanne Christensen, Esq.
WIGDOR LLP
Counsel for Plaintiffs

15
16 Dated: December 8, 2016


Jamie Couche, Esq.
ANDERSON & POOLE, P.C.
Counsel for Plaintiffs

18
19 Dated: _____, 2016

Robert E. Shapiro, Esq.
BARACK FERRAZZANO KIRSCHBAUM &
NAGELBERG LLP
Counsel for Defendant

22
23 Dated: _____, 2016

Andrew R. Livingston, Esq.
ORRICK, HERRINGTON & SUTCLIFFE LLP
Counsel for Defendant

SCHEDULE OF EXHIBITS

Exhibit A	Class Notice
Exhibit B	Claim Form
Exhibit C	Request for Exclusion
Exhibit D	[Proposed] Preliminary Approval Order
Exhibit E	[Proposed] Judgment and Order of Dismissal

Exhibit A

To: <<class member email address>>
From: Settlement Administrator
Re: LEGAL NOTICE OF SETTLEMENT OF CLASS ACTION

This email is intended for: <<Claimant Name>>
Claim ID: <<DAHLID>>

NOTICE OF PENDING CLASS ACTION AND NOTICE OF PROPOSED SETTLEMENT
Ye, et al. v. Sephora USA, Inc., United States District Court for the Northern District of California, Case No. 3:14-cv-05237

You are receiving this e-mail because in November 2014 you may have had an online account at Sephora with an associated email address from one the following email service providers: @qq.com, @126.com or @163.com.

Why did I get this notice? A settlement (“Settlement”) has been proposed in a class action lawsuit pending in the Northern District of California (“Court”) entitled *Ye, et al. v. Sephora USA, Inc.* (the “Action”). According to available records, you might be a “Class Member.” The purpose of this notice is to inform you of the Action and the Settlement so that you may decide what steps to take in relation to it.

What is the Action about? The Action was filed against Sephora alleging it discriminatorily deactivated from its website thousands of customers in the U.S. whose customer accounts had email addresses with China-based service providers: @qq.com, @126.com and @163.com. The Action alleges that Sephora prevented these users from participating in the annual 20% discount sale available to VIB and VIB Rouge customers scheduled to begin on November 6, 2014 (the “VIB Sale”). Sephora denies wrongdoing and liability, and no court or other entity has made any judgment or other determination of any liability.

Am I a Class Member? You are a “Class Member” if as of November 4, 2014, you (i) had an active VIB or VIB Rouge account as of November 4, 2014 that was associated with an email address from @qq.com, @126.com or @163.com, (ii) had your account deactivated on or about November 6, 2014, and (iii) attempted to but were unable to make a purchase at ww.sephora.com using their “Beauty Insider” account(s) at some point in November 2014.

What relief does the Settlement provide? If you are a Class Member, you are eligible to receive your choice of either a cash payment or an electronic gift card. The amounts paid to Class Members will be determined on a pro rata basis depending on the number of Class Members, up to maximum amounts of a \$125 cash payment or a \$250 electronic gift card. To be considered eligible, you must timely complete a valid Claim Form. A Claim Form is available

by clicking **HERE** or on the Internet at the **Settlement website** www.sephorasettlement.com. The deadline to submit a Claim Form is **[TBD]**, 2016.

What are my other options? If you do not want to be legally bound by the Settlement, you must exclude yourself by **[TBD]**, 2016, or you will be releasing Sephora from any liability with the Action and you cannot sue Sephora for the legal claims in the Action in the future. The full terms of the release are described more fully in the Settlement website available **HERE**. If you exclude yourself, you cannot receive any money from this Settlement if it is approved. A form to exclude yourself is available **HERE** or @ www.sephorasettlement.com. If you are a member of the Class and object to any part of the Settlement, your views will be heard by the Court at the hearing. The date for this hearing is not yet scheduled but you can stay updated by regularly checking the Settlement website.

More information? For complete information about the Settlement, to view the Settlement Agreement, Court documents and Forms, and to learn more about how to exercise your various options under the Settlement, visit www.sephorasettlement.com. If your web-browser is preventing the hyperlink in this paragraph from working, enter the URL address manually into your browser. You may also write to the Settlement Administrator at: Sephora Claims Administrator c/o Dahl Administration, P.O. Box 3614, Minneapolis, MN 55403-0614.

This is an automatically generated email. Please do not reply to this message. Please send email inquiries to: mail@sephorasettlement.com.

Exhibit B

SEPHORA "BEAUTY INSIDER" SETTLEMENT

CLAIM FORM

CLAIM FORM INSTRUCTIONS

- Sephora customers who meet all of the following criteria are eligible to submit a Claim Form:
 - had one or more Sephora "Beauty Insider" account(s) with VIB or VIB Rouge status as of November 4, 2014 that was associated with an email address from the domain @qq.com, @126.com, or @163.com;
 - had their account(s) deactivated as a result of the computer code that Sephora implemented on or about November 6, 2014; and
 - attempted to but were unable to make a purchase at www.sephora.com using their "Beauty Insider" account(s) at some point in November 2014.
- Authorized Claimants will receive either a check or an electronic "Sephora Gift Card" that may be used to purchase any item(s) offered on www.sephora.com or any retail store operated and owned by Sephora.
- The amount of the check or electronic Sephora Gift Card an Authorized Claimant will receive will be determined on a *pro rata* basis based upon the total number of Authorized Claimants, with each Authorized Claimant who selected an electronic Sephora Gift Card receiving twice what each Authorized Claimant who selected cash will receive, and subject to a cap of \$125.00 in cash or \$250.00 in a Sephora Gift Card to each Authorized Claimant.
- To complete the Claim Form, you must sign and date the confirmation under penalty of perjury at the bottom of this form.
- Return your signed and completed Claim Form postmarked by [DATE]. Your claim can be submitted by mail, email or online:

By mail:

Sephora Settlement Administrator
 c/o Dahl Administration
 PO Box 3614
 Minneapolis, MN 55403-0614

By email:

info@XXXXXXXXXXXXXXXXXXXX.com

Online:

www.XXXXXXXXXXXXXXXXXXXXX.com

- QUESTIONS? Visit the settlement website at www.XXXXXXXXXXXXXXXXXXXXX.com or call 1-xxx-xxx-xxxx.

CLASS MEMBER IDENTIFICATION

FIRST NAME OF SETTLEMENT CLASS MEMBER																		MIDDLE INITIAL
LAST NAME OF SETTLEMENT CLASS MEMBER																		
CURRENT MAILING ADDRESS																		
CITY												STATE		ZIP CODE				
CURRENT PHONE NUMBER						CURRENT ALTERNATE PHONE NUMBER												

[illegible]

ACCOUNT EMAIL ADDRESS(ES)

[illegible][illegible][illegible][illegible][illegible]

--	--	--	--	--

Exhibit C

REQUEST FOR EXCLUSION*Ye, et al. v. Sephora Class Action*

By filing this form, you acknowledge that you have received notice of this class action, the proposed Settlement, the right of exclusion, and the Final Approval Hearing (the "Notice") and that you do **NOT** wish to remain a member of the Settlement Class in the case known as *Ye, et al. v. Sephora USA, Inc.*, Case No. 3:14-cv-05237 (EMC), pending in the United States District Court for the Northern District of California.

File this form if you (a) had one or more Sephora "Beauty Insider" account(s) with VIB or VIB Rouge status as of November 4, 2014 that was associated with an email address from the domain @qq.com, @126.com, or @163.com; (b) had your account(s) deactivated as a result of the computer code that Sephora implemented on or about November 6, 2014; (c) attempted to but were unable to make a purchase at www.sephora.com using your "Beauty Insider" account(s) at some point in November 2014; and (d) you wish to exclude yourself from the lawsuit. **If you file this form, do not file any other form. Do not file this form if you wish to participate in the Settlement of this lawsuit. Do not file this form if you wish to object to the Settlement.**

If you want to exclude yourself from the Settlement Class and not participate in the Settlement, you must complete and mail this form to:

Sephora Claims Administrator
c/o Dahl Administration
P.O. Box 3614
Minneapolis, MN 55403-0614

Your mailing must be postmarked by _____. If you have any questions, please visit the website, www.sephorasettlement.com, or call _____.

I understand that by signing and mailing this form:

- I will **not** receive any of the monetary benefits of the Settlement as described in the Notice of Settlement;
- I will **not** participate in or be represented as an Authorized Claimant in this Action; and
- I may pursue, at my own expense, whatever claims I may have against Sephora with regard to claims that were the subject of the class action.

Please type or print:

First Name	MI	Last Name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Address

City	State	ZIP Code
<input type="text"/>	<input type="text"/>	<input type="text"/>

Telephone

 - -

Email Address (if any)

I wish to be excluded from the Settlement Class and excluded from participation in the Settlement.

Signature

<input type="text"/>	-	<input type="text"/>	-	<input type="text"/>
MM		DD		YYYY

Exhibit D

DOUGLAS H. WIGDOR (NY SBN 2609469)
JEANNE M. CHRISTENSEN (NY SBN 2622124)
ELIZABETH J. CHEN (NY SBN 5126214)
(All admitted *pro hac vice*)

WIGDOR LLP
85 Fifth Avenue
New York, NY 10003
Tel.: (212) 257-6800
Fax: (212) 257-6845

JAMIE C. COUCHE (SBN 252001)
ANDERSON & POOLE, P.C.
601 California Street, Suite 1300
San Francisco, CA 94108
Telephone: (415) 956-6413
Facsimile: (415) 956-6416

Attorneys for Plaintiffs,
RUIQI YE, YOLIN HAN

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

RUIQI YE and YOLIN HAN, individually
and on behalf of all other similarly-situated
individuals,

Plaintiffs,

v.

SEPHORA USA, INC.,

Defendant.

Case No.: 3:14-cv-05237-EMC

**[PROPOSED] ORDER
PRELIMINARILY APPROVING THE
PROPOSED SETTLEMENT**

The above matter came before the Court for Preliminary Approval of the Proposed Settlement, Certification of the Settlement Class, Appointment of Named Plaintiff's Counsel, Wigdor LLP and Anderson & Poole, P.C., as Class Counsel, Appointment of Dahl Administration LLC ("Dahl") as administrator of the settlement ("Claims Administrator" or "Administrator") and Approval of the Proposed Court-Authorized Notice of Settlement (the "Proposed Notice" or "Notice") (collectively, the "Proposed Order").

1 1. Based upon the Court’s review of the motion papers filed by Plaintiffs Ruiqi Ye
 2 and Yolin Han (together referred to as, “Plaintiffs”), including the Declaration of Jeanne M.
 3 Christensen (“Christensen Decl.”) and the Declaration of Elizabeth J. Chen, and all other papers
 4 submitted in connection with the Motion for Preliminary Approval, the Court grants preliminary
 5 approval of the settlement memorialized in the Class Action Settlement Agreement (the
 6 “Agreement”) by and between Plaintiffs and Defendant (the “Parties”).
 7

8 2. The Court provisionally certifies the following class under Federal Rule of Civil
 9 Procedure 23(e), for settlement purposes only (“Class Members” or the “Proposed Class”) as:

10 All Sephora customers who meet all of the following criteria: (i) had
 11 one or more Sephora “Beauty Insider” account(s) with VIB or VIB
 12 Rouge status as of November 4, 2014 that was associated with an
 13 email address from the domain @qq.com, @126.com, or @163.com;
 14 (ii) had their account(s) deactivated as a result of the computer code
 15 that Sephora implemented on or about November 6, 2014; and (iii)
 16 attempted to but were unable to make a purchase at
 17 www.sephora.com using their “Beauty Insider” account(s) at some
 18 point in November 2014.

19 3. The Proposed Class meets all of the requirements for class certification under
 20 Federal Rule of Civil Procedure 23(a) and (b)(3).
 21

22 4. The Court appoints Jeanne M. Christensen and Elizabeth J. Chen of Wigdor LLP,
 23 85 Fifth Avenue, New York, New York 10003, and Jamie C. Couche of Anderson & Poole, P.C.,
 24 601 California Street, Suite 1300, San Francisco, CA 94108, as Class Counsel because the firms
 25 meet all of the requirements of Federal Rule of Civil Procedure 23(g).
 26

27 5. The Court appoints Named Plaintiffs Ruiqi Ye and Yolin Han as Class
 28 Representatives.

 6. The Court appoints Dahl Administration LLC as Claims Administrator, who will
 be responsible for administering the settlement.

 7. The Court approves the proposed Court-Authorized Notice of Settlement (the

1 “Proposed Notice”), attached as Exhibit 3 to the Christensen Decl., and directs its distribution to
 2 the Class Members.

3 8. The Court approves the proposed Claim Form, attached as Exhibit 4 to the
 4 Christensen Decl., and directs its distribution to the Class Members.

5 9. The Court approves the proposed Request for Exclusion Form, attached as Exhibit
 6 5 to the Christensen Decl., and directs its distribution to the Class Members.

7 10. The Court hereby sets the following settlement procedure:

8 a. Within 14 days after the entry of this Order, Defendants will provide the Claims
 9 Administrator and Class Counsel with a list of each Sephora “Beauty Insider” account(s) with
 10 VIB or VIB Rouge status as of November 4, 2014 that was associated with an email address
 11 from the domain @qq.com, @126.com, or @163.com that was deactivated as a result of the
 12 computer code that Sephora implemented on or about November 6, 2014, along with the name
 13 and email address(es) associated with each account according to Sephora’s records (the “Class
 14 Data”), to the extent that Sephora has access to this information.

15 b. No later than 10 days after receiving the Class Data, the Claims Administrator
 16 shall email to each Class Member at the email address associated with a qualifying “Beauty
 17 Insider” account, a link to the Class Notice and a link to the website created and operated by the
 18 Claims Administrator (“Class Website”) that is dedicated to this Settlement Agreement and
 19 provides access to fillable and downloadable Claim Form.

20 c. The Proposed Class will have 45 days after the date the Proposed Notice is
 21 emailed to submit the Claim Form, or opt-out of or object to the Agreement (the “Claim
 22 Period”).

23 d. The Court will hold a Final Approval Hearing on _____
 24 at _____ a.m./p.m. at Courtroom 5, United States District Court, Northern District of

1 California, 450 Golden Gate Avenue, 17th Floor, San Francisco CA 94102.

2 e. Within 10 business days after the conclusion of the Claim Period, the Claims
3 Administrator shall, based upon the Claim Forms received by the Claims Administrator and
4 according to the terms of this Agreement and other claims procedures that may be implemented:
5 (a) determine whether each Claim Form represents an Authorized Claimant; (b) determine
6 whether any individual has submitted more than one Claim Form, and if so de-duplicate; (c)
7 based on the number of Authorized Claimants, determine the Settlement Benefits to be provided
8 to each Authorized Claimant; and (d) provide to the Parties, if and as requested, the information
9 and methodology used by the Claims Administrator to determine the Settlement Benefits due to
10 each Authorized Claimant.
11

12 f. Within a reasonable time following the close of the Claim Period, Plaintiffs will
13 submit a Motion for Final Approval of the Settlement and for Entry of the Judgment and Order
14 of Dismissal, and a Motion for Approval of Class Counsel's Fees and Expenses ("Final Approval
15 Motions").
16

17 g. After the fairness hearing, if the Court grants the Final Approval Motion, the
18 Court will issue a Final Approval Order. If no party appeals the Final Approval Order, the
19 "Effective Date" of the Agreement will be the last to occur of the following: (a) the date of final
20 affirmance on appeal of the Judgment; (b) the date of final dismissal of any appeal from the
21 Judgment or the final dismissal of any proceeding to review the Judgment; or (c) if no appeal is
22 filed, the expiration date of the time for the filing or noticing of any appeal from the Court's
23 Judgment.
24

25 h. No later than 10 business days after the Effective Date, Defendant shall transmit
26 the funds necessary to the Claims Administrator to cover the total payments to be sent to
27 Authorized Claimants.
28

1 i. The Claims Administrator will disburse the first distribution of settlement checks
2 to the Authorized Claimants, Court-approved attorneys' fees and costs, Court-approved
3 enhancement awards, and Court-approved Claims Administrator's fees within 14 days after
4 receipt of the funds from Defendant.

5 j. The Parties shall abide by all terms of the Agreement, including, but not limited
6 to, those terms addressing the timing and method of Defendant's payments into a settlement
7 fund, and disbursal of same by the Claims Administrator to the Proposed Class.
8

9 11. The Court removes all trial-related deadlines and hearings from the calendar.

10 IT IS SO ORDERED.

11 Date: December __, 2016

12 Hon. Edward M. Chen
13 United States District Court Judge
14 Northern District of California
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Exhibit E

DOUGLAS H. WIGDOR (NY SBN 2609469)
JEANNE M. CHRISTENSEN (NY SBN 2622124)
ELIZABETH J. CHEN (NY SBN 5126214)
(All admitted *pro hac vice*)

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Attorneys for Plaintiffs,
RUIQI YE, YOLIN HAN

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

RUIQI YE and YOLIN HAN, individually
and on behalf of all other similarly-situated
individuals,

Plaintiffs,

v.

SEPHORA USA, INC.,

Defendant.

Case No.: 3:14-cv-05237-EMC

**[PROPOSED] ORDER GRANTING
PLAINTIFFS' MOTION FOR FINAL
APPROVAL OF SETTLEMENT AND
FOR ENTRY OF THE JUDGMENT
AND ORDER OF DISMISSAL AND
MOTION FOR APPROVAL OF CLASS
COUNSEL'S FEES AND EXPENSES**

This matter came before the Court on Plaintiffs' Motion for Final Approval of Settlement and for Entry of the Judgment and Order of Dismissal and Motion for Approval of Class Counsel's Fees and Expenses (the "Final Approval Motions"). Defendant agreed, for settlement purposes only, not to oppose the Final Approval Motions.

1. Based upon the Court's review of Plaintiffs' Final Approval Motions, including the Declaration of Jeanne M. Christensen, Esq. ("Christensen Decl."), and all other papers submitted in

1 connection with Plaintiffs' Final Approval Motions, as well as the discussion held between the Court
 2 and the parties on the record at the _____, 2017 Final Approval Hearing, the Court grants
 3 final approval of the settlement memorialized in the Settlement Agreement, attached to the
 4 Christensen Decl. as **Exhibit** _____. Capitalized terms used in this Order shall have the same meanings
 5 as set forth in the Settlement Agreement, unless otherwise defined herein.

6
 7 2. For settlement purposes, the Court certifies the following class under Rule 23 Fed. R.
 8 Civ. P. 23(e) ("Settlement Class"):

9 All Sephora customers who meet all of the following criteria: (i) had
 10 one or more Sephora "Beauty Insider" account(s) with VIB or VIB
 11 Rouge status as of November 4, 2014 that was associated with an
 12 email address from the domain @qq.com, @126.com, or @163.com;
 13 (ii) had their account(s) deactivated as a result of the computer code
 14 that Sephora implemented on or about November 6, 2014; and (iii)
 attempted to but were unable to make a purchase at
 www.sephora.com using their "Beauty Insider" account(s) at some
 point in November 2014.

15 3. The Settlement Class meets all of the requirements for class certification under
 16 Federal Rule of Civil Procedure 23(a) and (b)(3).

17 4. Wigdor LLP and Anderson & Poole, P.C., which the Court previously appointed as
 18 Class Counsel, satisfy the adequacy requirements of Rule 23(a)(4).

19 5. The Court approves the settlement and all terms set forth in the Settlement
 20 Agreement, and finds that the settlement is, in all respects, fair, adequate, reasonable, and binding on
 21 all members of the Settlement Class who have not timely and properly opted out pursuant to
 22 Paragraph 6.3 of the Settlement Agreement.

23 6. The Court grants Plaintiffs' Motion for Attorneys' Fees and Expenses to Class
 24 Counsel and awards Class Counsel \$418,560.00 in attorneys' fees, plus \$90,000.00 in costs and
 25 expenses reasonably expended litigating and resolving the lawsuit. These amounts shall be paid
 26 from the Settlement Amount.

1 7. The Court finds reasonable the Service Awards for Class Representatives Ruiqi Ye
2 and Yolin Han in the amounts of \$5,000 each. These amounts shall be paid from the Settlement
3 Amount.

4 8. The Court authorizes the payment of the Claims Administration fees to Dahl
5 Administration LLC, estimated to be \$25,000 as set forth in the Declaration of _____, attached
6 to the Christensen Decl. as Exhibit __, which shall be paid from the Settlement Amount.

7
8 9. The “Effective Date” of the Agreement will be the last to occur of the following: (a)
9 the date of final affirmance on appeal of the Judgment; (b) the date of final dismissal of any appeal
10 from the Judgment or the final dismissal of any proceeding to review the Judgment; or (c) if no
11 appeal is filed, the expiration date of the time for the filing or noticing of any appeal from the
12 Court’s Judgment.

13
14 10. No later than 10 business days after the Effective Date, Defendant shall transmit the
15 funds necessary to the Claims Administrator to cover the total payments to be sent to Authorized
16 Claimants.

17
18 11. The Claims Administrator will disburse the first distribution of settlement checks to
19 the Authorized Claimants, Court-approved attorneys’ fees and costs, Court-approved enhancement
20 awards, and Court-approved Claims Administrator’s fees within 14 days after receipt of the funds
21 from Defendant.

22 12. The Claims Administrator shall provide verification to Class Counsel and Defendant’s
23 Counsel that it has distributed the Settlement Benefits, retain copies of all of the endorsed
24 Settlement Checks with releases, and provide Defendants’ Counsel with the original or copies of the
25 endorsed Settlement Checks (both sides) in accordance with the Settlement Agreement.

26
27 13. Upon the fulfillment of all settlement terms, the entire Litigation will be dismissed
28 with prejudice, and without costs, expenses or attorneys’ fees to any party except as provided in the

1 Settlement Agreement and this Order. All Class Members who did not opt out in accordance with
2 the terms of the Settlement Agreement are permanently enjoined from asserting, pursuing, and/or
3 seeking to reopen claims that have been released in accordance with the terms of the Settlement
4 Agreement.

5 14. The Court retains jurisdiction over the interpretation and implementation of the
6 Settlement Agreement.
7

8 IT IS SO ORDERED.

9 Date: _____, 2017

10 Hon. Edward M. Chen
11 United States District Judge
12 Northern District of California
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